

Items #60 – 61: Forest Budget

Purpose: This monitoring item was established to compare actual revenues with the values used when developing the Forest Plan. Revenues received are an important aspect of the Forest Plan implementation process. Revenues from the sale of Flathead National Forest products or uses of the National Forest System formed part of the basis for the determination of net public benefit as used by the Regional Forester in formulation of the Forest Plan.

Methods: Two different types of revenues are presented:

1. Total forest revenues
2. Payments to the Counties

A third value, “returns to the Treasury” can be derived by adding column 7 and 8, displaying the balance to the treasury after the other timber sale requirements have been accounted for.

Results: Revenues received by the Flathead National Forest in various categories are shown in Table 60-1. Resource revenues are shown in columns 1 through 6 and 8. The subtotal in column 7 and the timber revenue in column 8 are the amounts returned to the U.S. Treasury (\$9,74,100 over the 9 year period). Column 9 displays the KV funds collected. Column 10 displays the salvage sale funds. Column 11 displays purchaser credits until 2002 when it includes stewardship funds. Column 12 has the timber related revenues. The grand total is the basis for the 25% fund paid to the counties until 2001 when the Secure Rural Schools program was initiated and stewardship sales were utilized.

Table 60-1. Revenue in Thousands of Dollars, Fiscal Years 1999-2007

FY	Land Use	Rec Use	Power	Minerals	User Fees	Graz-ing	Sub-total (1-6)	Timber	KV Funds	Salv Sale	PRC/SPC	Subtotal (8-11)	Grand Total
1999	47	177	4	1	2	3	234	377	589	1115	66	2147	2381
2000	48	172	4	1	1	3	229	330	374	513	11	1228	1457
2001	42	210	5	1	1	2	261	181	40	416	46	683	944
2002	42	197	6	0	1	3	249	8	159	264	396	827	1076
2003	48	202	5	3	0	2	260	388	337	890	355	1970	2230
2004	51	205	0	0	0	3	259	1032	548	1010	148	2738	2997
2005	41	191	6	0	0	3	241	1462	1543	1157	476	4638	4879
2006	51	206	0	0	0	3	260	2242	1167	883	1400	5692	5952
2007	55	259	0	0	0	2	316	1156	520	638	240	2554	2870
Total	425	1819	30	6	5	24	2565	7176	5277	6886	3,138	22,477	24,786

Definitions:

Land uses: Funds collected from all land uses except power and minerals.

Recreation Uses: Funds collected for recreation uses except from Land and Water Conservation fund areas.

Power: Funds collected from uses authorized by Forest Service permits or easements for all types of power generation projects and transmission line rights of way.

Minerals: Funds collected from the sale of minerals and permit fees.

Grazing: Funds collected for grazing fees.

Timber: Funds collected for the sale of all timber and other forest products except salvage timber.

KV funds: Deposits made to the Flathead National Forest under the Knutson-Vandenburg act by timber purchasers to finance the cost of reforestation and sale area improvement.

Timber Salvage Funds: Funds collected as payment for salvagable timber sold.

PRC/SPC: Due to changes in policies, Secure Rural Schools act and the utilization of Stewardship contracts, this column includes those dollars that are collected from timber sales and utilized in forest related projects.

25% funds: Share of National Forest total receipts distributed to the counties for use in their roads and schools.

Secure Rural Schools Funding: Enacted in 2000 and funded in 2001 and on, this was a optional replacement plan enacted by congress which all counties on the Flathead National Forest opted for that replaced the 25% fund with the average of the high three returns. This payment consisted of three types of funding, Type I went directly to the counties, Type II to the Forest to be utilized for projects that enhanced the forest within the county, and Type III to be used by the counties for special programs such as search and rescue, etc.

Total Flathead National Forest revenues have decreased from the first days of the Forest Plan, to a low in Fiscal Year 2000. Since that period they have fluctuated up and down depending on the volume of timber sold and the timber market. Since 2002, timber volumes have primarily fluctuated up from the forest's target due to large fire salvage volumes.

Other revenues are a minor part of the total revenues, with land uses and recreation uses playing the most significant part. A very minor part of these increases is due to additional use, but mostly due to fee increases tied to inflation.

The 25% fund (payments to the counties) has seen significant changes in this monitoring period. The passage of the Secure Rural Schools (SRS) program offered, and all of our counties accepted, the payment of a "fixed" amount based on the high 3 years in the recent history. This was broken into three different accounts (Title I, II, and III) to be used for the county's general fund, forest enhancement, and schools, roads, search & rescue, respectively. These payments are displayed in Table 60-2 below.

Table 60-2. Payments to the Counties Through the 25% Fund and SRS Program (thousands of dollars)

Year	Flathead	Lake	Lewis & Clark	Lincoln	Missoula	Powell	Total
1998	791	72	19	7	79	117	1084
1999	434	39	10	4	44	64	596
2000	265	24	6	2	27	39	364
2001*	1446	120	17	51	176	180	1990
2002	1457	121	18	51	177	182	2006
2003	1475	122	18	52	181	184	2032
2004	1494	124	18	53	183	186	2058
2005	1528	127	18	54	188	191	2106
2006	1544	128	19	54	190	191	2125
2007	1544	128	19	54	190	191	2125

*Secure Rural School enacted, and extended in 2007.

Evaluation: After a significant drop in both areas over the first 10 years of the Forest Plan, large fires, political solutions, and other factors came to play in the economics of the Flathead National Forest.

Receipts have been riding a “roller coaster” in this monitoring period, largely based on the significant fires and the timber market. This revenue, being resource based, is “new money” to the economy, and will experience the “multiplier” that new monies experience where they are generated.

Payments to the counties were stabilized with the Secure Rural School act in 2001. This helped stabilize the counties, making the receipts “roller coaster” less of an impact to the counties income. This act is expected to expire soon.

Recommended Action: Retain this monitoring item to help display how the forest affects the local and national economy through generated and directly appropriated funds.